

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 08-0567	Date: February 20, 2008
Prime Sponsor(s): Sen. Groff; Spence Rep. Witwer; Carroll T.	Bill Status: Senate Education Fiscal Analyst: David Porter (303-866-4375)

TITLE: CONCERNING AUTHORIZATION OF SCHOOL DISTRICT BOARDS OF EDUCATION TO IMPLEMENT POLICY INNOVATIONS IN PUBLIC SCHOOLS, AND, IN CONNECTION THEREWITH, ENACTING THE "INNOVATION SCHOOLS ACT OF 2008".

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
State Revenue		
State Expenditures		
General Fund	\$ 80,545	\$ 77,990
FTE Position Change	1.0 FTE	1.0 FTE
Effective Date: The bill becomes effective upon signature of the Governor or upon becoming law without his signature.		
Appropriation Summary for FY 2008-2009: See State Appropriations section.		
School District Impact: See School District Impact section.		

Summary of Legislation

SB08-130 creates a new classification of school districts, "Districts of Innovation," that have one or more schools implementing plans exploring new ways of delivering instruction and (or) allocating resources. Districts of innovation are provided a greater degree of autonomy by the waiver of several statutory requirements. The narrative that follows describes the components of the bill and the process for becoming a district of innovation.

Innovation Plan. The plan to allocate resources or instruct students in a new manner that may require the waiver of certain statutory requirements is called an innovation plan. Innovation plans can be drawn up by a school, group of schools, or school district. The bill specifies what an innovation plan must contain and provides suggested innovations.

Innovation School or Innovation School Zone. A school, or group of schools, that develops an innovation plan is either an innovation school or innovation school zone. An innovation school zone is a collection of schools in a school district that share common interests, such as geographical location or educational focus, or that serve a class of students as they progress through the grades.

District of Innovation. A district that receives authorization from the State Board of Education for one or many innovation plans.

General Procedure. In general, the process by which innovation schools, innovation school zones, and districts of innovation are formed is as follows:

- ▶ a school, group of schools, or school district board of education develops an innovation plan;
- ▶ schools and groups of schools submit the plan to the school district board for review;
- ▶ district boards submit plans to the State Board of Education for review;
- ▶ the reviewing body (either a district board or the State Board) has 60 days to approve or deny the innovation plan; and
- ▶ for rejected plans, the reviewing body must indicate the reason for rejection and the applicant can reapply with an amended innovation plan.

The State Board shall accept a plan unless it concludes that the plan will likely result in a decrease in academic achievement or is not fiscally feasible.

Waivers. If a district's innovation plan receives the State Board of Education's approval, schools automatically receive a waiver of several statutory provisions. In general, the specified provisions address employment practices and salary requirements for teachers and principals. School districts may request waiver of statutes or rules not identified in the bill, with the exception of school finance requirements.

Collective Bargaining. Schools engaged in an innovative school plan are automatically allowed to opt-out of collective bargaining. Districts *may* hold elections for either innovation schools or schools in an innovation zone to remove the school from the district's collective bargaining agreement. Districts must make efforts to place employees that wish to stay under collective bargaining into schools that still have collective bargaining.

Reporting. Each March, on and after March 10, 2010, the State Board must submit a report to the Governor and Education Committees of the General Assembly identifying the number of schools and districts acting with innovation plans and assessing the performance of the plans.

State Expenditures

Total expenditures required by SB08-130 are \$80,545 and 1.0 FTE in FY 2008-09 and \$77,990 and 1.0 FTE in FY 2009-10. Funding of schools is not changed by this bill. Expenditures are in the Colorado Department of Education to support the work of the State Board of Education and the Commissioner. Table 1 on page 3 identifies the cost components of this bill.

Table 1. Total Costs Under SB08-130		
Cost Components	FY 2008-09	FY 2009-10
Personal Services	\$ 72,540	\$ 72,540
<i>FTE</i>	<i>1.0</i>	<i>1.0</i>
Operating Expenses and Capital Outlay	5,005	2,450
Travel	3,000	3,000
General Fund Total	\$ 80,545	\$ 77,990
<i>FTE</i>	<i>1.0</i>	<i>1.0</i>

Colorado Department of Education. The department will need 1.0 FTE Senior Consultant beginning in FY 2008-09 to define and manage the application process, assist districts, review applications, and create the annual report. The new position will be responsible for establishing or creating the following:

- ▶ *Application Process* — an application form and standard procedures for application review must be developed;
- ▶ *District Assistance* — assistance to districts applying to be districts of innovation will help ensure complete and consistent information is submitted for evaluation;
- ▶ *Application Review* — applications must be reviewed to gauge fiscal soundness and impact on academic achievement, after review, recommendations will be provided to the State Board and Commissioner and responses to applicants will be drafted; and
- ▶ *Annual Report* — writing the annual report will require surveying all programs and evaluating program success.

The workload is completely dependent on the number of innovation plans that districts submit for approval (note that each district may submit more than one plan). This fiscal analysis assumes that of the 178 school districts at least 10-15 plans will be submitted for review.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, funding for the items noted below will not be included in fiscal note expenditure estimates.

- group health, life and dental insurance
- inflation indices
- amortization equalization disbursements
- supplemental amortization equalization disbursements
- short-term disability
- leased space
- indirect costs

School District Impact

Any school, group of schools, or district interested in taking advantage of "innovative" status must create an innovation plan and have the plan reviewed. District boards must review innovation plans submitted by schools. In many cases, the district boards will be leading the development of the innovation plan and will be responsible for submitting the plan to the State Board. The level of workload created by this bill is highly dependent on the number of innovation plans that are presented by schools and the districts' program participation. Presumably, districts would take advantage of the program if the work associated with applying to be a district of innovation would result in worthwhile improvements to a district's operation or students' academic achievement.

The bill allows schools and district boards to seek gifts, grants, and donations to offset any costs of developing and implementing innovation plans.

State Appropriations

SB08-130 requires a General Fund appropriation to the Department of Education of \$80,545 and 1.0 FTE in FY 2008-09.

Departments Contacted

Education